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**Received - 2022-05-12 09:16:50 AM**  
**Control Number - 53403**  
**ItemNumber - 2**

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Chairman Peter M. Lake  
Commissioner Will McAdams  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty

**FROM:** David Smeltzer, Director of Rules and Projects

**DATE:** May 11, 2022

**RE:** May 12, 2022, Open Meeting – Agenda Item No. #31  
Project No. 53403, *Review of Chapter 25.101*

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Commission Staff is seeking input on the scope of Project No. 53403. The primary aim of this rulemaking project is to implement SB 1281, which among other things, requires the use of a consumer benefit test for evaluating economic transmission projects. Given that §25.101, relating to Certification Criteria, governs transmission certification criteria, several other identified policy issues could also be addressed. Commission Staff is seeking guidance on which, if any, of these additional issues should be addressed concurrently with SB 1281 implementation.

The intent to implement SB 1281 in a timely fashion has been expressed by several Commissioners and stakeholders. Accordingly, Commission Staff is currently aiming to release a discussion draft for this project in May.

### SB 1281

For context, SB 1281 contains four components as briefly described below. The first three of these components will require an amendment to §25.101 to implement. The fourth component could be implemented with an amendment to §25.101 or could be addressed elsewhere.

1. Clarifies that an electric utility is not required to amend its CCN to construct a transmission line that connects certain existing, transmission facilities to nearby substation, or metering points and if each affected landowner has provided written consent and if all of the rights-of-way necessary for construction have been purchased.
2. For ERCOT reliability transmission projects, requires the commission to consider historical load, forecasted load growth, and additional load currently seeking interconnection when evaluating the need for additional service.

3. For ERCOT economic transmission projects, requires the commission to implement a consumer benefits test that evaluates the estimated cost savings to the consumer that may result from a transmission project.
4. Requires ERCOT to conduct a biennial assessment of the ERCOT power grid to assess the grid's reliability in extreme weather scenarios.

#### Possible Additions to the Discussion Draft

*Commission Staff has been made aware of the following issues related to §25.101. Given the urgency of completing the implementation of SB 1281, the Commission may choose to defer some or all of these issues to a future rulemaking.*

#### **1. Projects Deemed Critical for Reliability**

Issue: A proposed reliability transmission project can be deemed critical for reliability by ERCOT. The consequence of this designation is that the line benefits from an expedited review timeline here at the Commission, under §25.101(b)(3)(D). It is Commission Staff's understanding that ERCOT makes critical reliability designations based on a wide array of factors, generally focusing on the system needs, the implementation schedule of the project, and the ability of the TDU to meet the deadlines for the project.

**Should the rule be amended to include either specific criteria or general guardrails for how ERCOT deems transmission projects critical for reliability?**

Possible Actions: Issue questions for comment with the discussion draft. Alternatively, Commission Staff could work with stakeholders to develop proposed language for inclusion in the discussion draft. Commission Staff does not presently have proposed language on this issue, though it is awaiting feedback from ERCOT and other parties that may generate viable proposals. If this issue is added to this project, Commission Staff recommends issuing questions for comment. After reviewing filed comments, Commission Staff can reevaluate the issue and recommend whether to address the issue in the proposal for publication.

Timeline Impact: Developing questions for comment would not materially delay the initiation of this project. Developing language establishing general guardrails for deeming routes critical for reliability is feasible but would result in a delayed release of the discussion draft. Developing specific criteria in house would result in a delayed release of the discussion draft and may also require a rebalancing of staff workload.

#### **2. Resiliency**

Issue: Presently, there are two categories of transmission projects in ERCOT: reliability projects and economic projects. However, there is not a separate category for resiliency projects. For purposes of this discussion, resiliency refers to the ability of the grid to sustain operations through severe weather events.

**Should there be a third category of transmission projects that are based on resiliency? Alternatively, are there additional considerations related to resiliency that should be used to push certain reliability projects up the list?**

Possible Actions: Issue questions for comment with the discussion draft. After reviewing filed comments, Commission Staff can reevaluate the issue and recommend whether to address the issue in the proposal for publication.

Timeline Impact: Issuing questions for comment would not materially delay the initiation of this project.